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MEMORANDUM

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TO: Legislative Audit Committee Members

FROM: Jim Pellegrini, Deputy Legislative Auditor, Performance Audits *JP*

DATE: March 16, 2000

RE: **Follow-up Performance Audit:**
Vocational Rehabilitation Program
Department of Public Health and Human Services (96P-04)

INTRODUCTION

In June 1997, we presented our performance audit on the Vocational Rehabilitation Program to the Legislative Audit Committee. The audit was completed at the request of the Legislative Audit Committee. The report made 15 recommendations to the Department of Public Health and Human Services (DPHHS). We requested and received information from DPHHS management on their progress in implementing the recommendations in June 1998. Due to changes in the federal Rehabilitation Act, we did not complete a follow-up of the audit until February 2000. To complete the follow-up project, we interviewed department officials and staff, reviewed changes to written policies and forms, and reviewed case files in three regional offices.

In addition to summarizing the results of our follow-up work, this memo presents background on the vocational rehabilitation program and changes that took place since our audit.

SUMMARY OF FOLLOW-UP RESULTS

Most of the recommendations are being implemented. Two of the recommendations being implemented pertain to a new computer software package which records expenditures for services for each client. The new system will allow program management to analyze encumbrances and expenditures by client, type of service and/or vendor, region, statewide, etc. Management received initial training on how to create needed management reports from the system. Two other recommendations being implemented pertain to benchmarks to assess program success. The department is waiting for the federal government to provide final benchmarks.

The following table shows the status of the recommendations in our 1997 report.

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| <u>Recommendation Status</u> | |
|-------------------------------------|----------|
| Implemented | 8 |
| Being Implemented | 5 |
| Partially Implemented | <u>2</u> |
| Total | 15 |

BACKGROUND ON THE VOCATIONAL REHABILITATION PROGRAM

The mission of the Montana Vocational Rehabilitation (MVR) Program is “Promoting work and independence for Montanans with disabilities.” In order to achieve this mission, MVR provides goods and services to people of an employable age with physical or mental disabilities to help them secure and maintain employment. The federal government established 16 years old as an employable age.

An individual is eligible for vocational rehabilitation services if he or she meets two specific criteria: (1) an individual must **require** vocational rehabilitation services to prepare for, enter, engage in, or retain gainful employment; and (2) the individual must either:

- A. Have a physical or mental impairment which constitutes or results in a substantial impediment to employment, and can benefit in terms of an employment outcome from vocational services.
- B. Be blind or have a disability and be eligible to receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). (These individuals are also considered to have severe physical or mental impairments which seriously limit one or more functional capabilities in terms of employment outcomes.)

Eligibility does not include minimum or maximum income requirements.

Goods and Services Provided

MVR provides counseling and guidance, vocational evaluation, and vocational placement services without cost to an eligible person. MVR requires that rehabilitation services be provided at public cost only to clients found to require financial assistance. Vocational rehabilitation goods and services purchased by MVR include medical diagnosis, vocational evaluation, educational training, occupational tools and equipment, physical and mental restoration, personal assistance, transportation, and post-employment services.

At the time of the audit, services were delivered by 71.5 FTE located in ten offices across the state and the central office in Helena. The program is funded by state and federal funds. State funds consist of both General Fund and state special revenue. Over 70 percent of fiscal year

1994-95 expenditures were for client benefits and claims. Total expenditures for fiscal year 1994-95 were approximately \$10 million.

FOLLOW-UP FINDINGS

The following sections give the implementation status of each recommendation based on follow-up work performed by the Legislative Audit Division.

Consistent Eligibility Determination

During the audit we found cases where MVR counselors did not determine eligibility consistently with federal eligibility requirements or did not document their decision. Supervisory review of a sample of closed ineligible files and training for counselors would help ensure consistent determination and proper documentation.

Prior Recommendation #1

We recommend Montana Vocational Rehabilitation Program management:

- A. Complete supervisory reviews of a sample of closed files, including those closed because the applicant was determined ineligible.*
- B. Train staff on eligibility criteria to ensure consistent application of federal requirements and proper documentation.*

This recommendation is partially implemented.

The department provided training and includes reviewing a number of closed cases during supervisory reviews. However, the review instrument does not require the supervisor to review whether eligibility was correctly determined, which was our primary concern.

60-Day Eligibility Requirement

Our initial review showed 30 percent (26 of 89) of client files sampled did not have eligibility determined within the 60-day requirement stated in federal guidelines.

Prior Recommendation #2

We recommend Montana Vocational Rehabilitation Program management provide staff with information to help ensure compliance with the federal 60-day time frame for eligibility determination.

This recommendation is implemented.

Department policy was rewritten to ensure counselors are aware of the requirement and a management report is generated which shows when determinations are due. If a determination takes longer than 60 days, the extension is documented in the files and agreed to by both the counselor and client.

Timely Development of IPEs

Once an applicant is determined eligible for vocational rehabilitation services, an Individualized Plan for Employment (IPE) is developed. (During the audit the IPE was known as the Individualized Written Rehabilitation Program (IWRP).) Thirty-eight of 83 IWRPs took two months to more than a year to develop. MVR management had not formally established any time lines nor any policy to address timely development of IWRPs.

Prior Recommendation #3

We recommend Montana Vocational Rehabilitation Program management establish and implement time lines for development of IWRPs.

This recommendation is implemented.

Department policy was rewritten to ensure counselors are aware of the requirement and a management report is generated which shows when IPEs are due. If an IPE takes longer than six months to develop, the reason is documented in the file and agreed to by both the counselor and client.

Responsibilities in Showing Progress

File review showed 11 of 85 IWRPs did not have measurable requirements outlining client and MVR progress for attaining the employment goal.

Prior Recommendation #4

We recommend Montana Vocational Rehabilitation Program management ensure counselors:

- A. Receive appropriate training for development of measurable requirements.*
- B. Develop measurable requirement for reviewing IWRPs.*

This recommendation is implemented.

Training was provided and the supervisory case review instrument includes reviewing measurable requirements.

Informed Choice

Federal rule requires an individual to make an informed choice regarding selection of his/her vocational goals and objectives. MVR policy did not emphasize the importance of a client's strengths, abilities, and capabilities (informed choice).

Prior Recommendation #5

We recommend Montana Vocational Rehabilitation Program management clarify policy to help ensure counselors consider an individual's strengths, abilities, and capabilities when planning his/her vocational future.

This recommendation is implemented.

The policy manual was rewritten to ensure counselors are aware of the requirement and training was provided. The supervisory case review instrument shows counselors are evaluated in this area.

Periodic and/or Annual Review of IWRPs

Twenty-two of 51 files did not contain documentation of an annual review of the IWRP as required by federal rule. Sixteen of 68 files did not contain documentation showing counselors completed periodic reviews, also required by federal rule.

Prior Recommendation #6

We recommend Montana Vocational Rehabilitation Program management:

- A. Ensure counselors are completing and documenting annual review of IWRPs.*
- B. Clarify established policies to define periodic review of IWRPs.*

This recommendation is partially implemented.

Annual IPE reviews are completed but there is still sporadic use of periodic reviews. The supervisory case review instrument shows counselors are evaluated for annual IPE reviews but not periodic reviews.

Amendments to IWRPs

An amendment to the IWRP should result if a client is experiencing changes in his/her life which could affect his/her employment goal, rehabilitation goals and objectives, and goods and/or services outlined in the IWRP. Sixty-four files contained documentation of some type of significant change affecting the client. Twenty-nine did not contain amendments.

Prior Recommendation #7

We recommend Montana Vocational Rehabilitation Program management:

- A. Clarify IWRP amendment policies and procedures.*
- B. Ensure counselors amend IWRPs when necessary.*

This recommendation is implemented.

The policy was rewritten to clarify when amendments are needed and the supervisory case review instrument includes reviewing for necessary amendments.

Financial Summaries and Documentation of Client Contributions

MVR chose to use a financial needs test to assess the client's ability to contribute toward the cost of services provided. MVR was not aware of client resources because it did not require clients to complete financial summaries annually or more frequently as needed. We also found limited documentation of client ability or inability to financially contribute to services or goods purchased by MVR.

Prior Recommendation #8

We recommend Montana Vocational Rehabilitation Program management:

- A. Emphasize the need for financial summaries and documentation of client contributions through policy and training.*
- B. Review closed files to monitor compliance with the policies.*

This recommendation is being implemented.

The financial policy was rewritten during the audit to require updating financial summary forms only as needed. MVR management found forms were not updated so the policy was changed to require a new form be completed at least annually. This policy was implemented just prior to our follow-up. The supervisory case review instrument indicates compliance with the new financial policy will be examined. Also, client contributions are to be documented in the IPE.

Verify Client Income

MVR does not verify income reported by clients on the financial summary form. We verified wages for 80 clients and found 17 had income greater than the amount reported on the financial summary forms.

Prior Recommendation #9

We recommend Montana Vocational Rehabilitation Program management establish controls to verify income for a sample of MVR clients on a routine basis.

This recommendation is implemented.

Income information was reviewed for the files included in the yearly case review conducted by Helena management.

Financial Aid Documentation

Policies require a client to apply for a federal PELL education grant to assist with the cost of training in institutions of higher education prior to determining the amount of MVR funding a

client should receive for education expenses. We found MVR counselors did not always require documentation the clients applied for or received financial aid.

Prior Recommendation #10

We recommend Montana Vocational Rehabilitation Program strengthen management controls by requiring an award letter or other necessary information prior to paying education expenses.

This recommendation is implemented.

Documentation showing the client applied for financial aid prior to entering college is in the files. The supervisory case review instrument evaluates counselors in this area.

Fee Limits

MVR approves fee limits for all services for each Community Rehabilitation Program (CRP) provider. Initial fee limits were based on cost data. Subsequent limits were modified on a percentage basis every year based on increases approved by the legislature. Direct and indirect costs, including accommodation charges for goods or services used to aid a person with a disability, were not calculated to determine percentage of fee limit increases.

Prior Recommendation #11

We recommend Montana Vocational Rehabilitation Program management:

- A. Establish a policy to review cost information including direct and indirect costs for all providers and services.*
- B. Develop a process to routinely review fee limits to establish reasonable fees and ensure compliance with OMB Circulars A-87 and A-122 and ADA requirements.*

This recommendation is implemented.

The department developed an audit approach to determine fees and upper and lower limits. The department obtains cost information from CRP providers every six months to determine if the limits should be modified.

Analysis of Purchases

MVR does not compile budgetary information by type of goods or services. As a result, staff were unable to readily identify how much was spent on any one type of goods or services for clients. Such information could be used to determine if there is a correlation between services purchased and successful job placement.

Prior Recommendation #12

We recommend Montana Vocational Rehabilitation Program management identify and generate information to help manage program resources including budgeting and analysis of purchasing in each region.

This recommendation is being implemented.

MVR developed new computer software to record expenditures for services for each client. The new system will allow program management to analyze encumbrances and expenditures by client, type of service and/or vendor, region, statewide, etc. MVR management is beginning to utilize the system.

Goals and Objectives

MVR's program goals and objectives were based primarily upon federal funding, originating from historic production figures (number of clients at a specific status). Using historic production figures as goals and objectives provided a level of achievement by staff, but did not provide ways for staff or management to achieve the numbers or to evaluate compliance with the program's mission.

Prior Recommendation #13

We recommend Montana Vocational Rehabilitation Program management:

- A. Revise goals that relate more to the purpose and mission of the program.*
- B. Establish measurable objectives which relate directly to goals and allow for attainable results or outcomes.*

This recommendation is being implemented.

Goals and objectives are developed yearly by the MVR Council and results toward achievement are measured each quarter. Benchmarks to be issued by federal officials will also provide goals and measurable objectives.

Management Information Reports

MVR generates more than 35 management reports with program information. Most of the reports track information required to obtain federal funding. Consequently, the reports were primarily based on federal reporting requirements which mainly focus on types of funding rather than overall program activities. Without useful information, program managers cannot make decisions on whether expectations are met or if changes are necessary to improve program operations.

Prior Recommendation #14

We recommend Montana Vocational Rehabilitation Program management:

- A. Identify what information would be useful to help manage program operations and measure program outcomes.*
- B. Develop that information into useful management reports.*

This recommendation is being implemented.

MVR developed new computer software to record expenditures for services for each client. The new system will allow program management to analyze encumbrances and expenditures by client, type of service and/or vendor, region, statewide, etc. MVR management is beginning to use the system.

Performance Measurements

Staff believe they are successful if they come close to or meet numbers of successful placements determined by management. According to management, these numbers are driven by historic figures. Because MVR is primarily driven by its funding source, management had not developed performance measures.

Prior Recommendation #15

We recommend Montana Vocational Rehabilitation Program management develop performance measures to help assess the success and/or effectiveness of the program, both at the regional and overall state level.

This recommendation is being implemented.

Benchmarks to be issued by federal officials will provide performance measures to help assess program success. The department completed a self-analysis with draft guidelines and identified areas for improvement.